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SENATE BILL 5454

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State of Washington                      58th Legislature                      2003 Regular Session

By Senators Fraser, Carlson and Spanel

Read first time 01/27/2003. Referred to Committee on Ways & Means.

1            AN ACT Relating to procedures for rehiring retirees of the public  
2 employees' retirement system plan 1; amending RCW 41.40.037 and  
3 43.09.050; adding a new section to chapter 41.04 RCW; adding new  
4 sections to chapter 43.09 RCW; and providing expiration dates.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 41.40.037 and 2001 2nd sp.s. c 10 s 4 are each amended  
7 to read as follows:

8            (1)(a) If a retiree enters employment with an employer sooner than  
9 one calendar month after his or her accrual date, the retiree's monthly  
10 retirement allowance will be reduced by five and one-half percent for  
11 every eight hours worked during that month. This reduction will be  
12 applied each month until the retiree remains absent from employment  
13 with an employer for one full calendar month.

14            (b) The benefit reduction provided in (a) of this subsection will  
15 accrue for a maximum of one hundred sixty hours per month. Any benefit  
16 reduction over one hundred percent will be applied to the benefit the  
17 retiree is eligible to receive in subsequent months.

18            (2)(a) A retiree from plan 1 who has satisfied the break in  
19 employment requirement of subsection (1) of this section and who enters

1 employment with an employer may continue to receive pension payments  
2 while engaged in such service for up to (~~one thousand five~~) eight  
3 hundred sixty-seven hours of service in a calendar year without a  
4 reduction of pension.

5 (b)(i) A retiree from plan 1 who has been separated for at least  
6 ninety days may:

7 (A) Enter employment with their former employer and continue to  
8 receive pension payments while engaged in such service for up to one  
9 thousand five hundred hours of service in a calendar year without a  
10 reduction of pension;

11 (B) Enter employment with an employer and continue to receive  
12 pension payments while engaged in such service for up to one thousand  
13 five hundred hours of service in a calendar year without a reduction of  
14 pension; and

15 (ii) When a plan 1 member renders service beyond eight hundred  
16 sixty-seven hours, the department shall collect from the employer the  
17 applicable employer retirement contributions for the entire duration of  
18 the member's employment during that calendar year.

19 (~~(b)~~) (c) A retiree from plan 2 or plan 3 who has satisfied the  
20 break in employment requirement of subsection (1) of this section may  
21 work up to eight hundred sixty-seven hours in a calendar year in an  
22 eligible position, as defined in RCW 41.32.010, 41.35.010, or  
23 41.40.010, or as a fire fighter or law enforcement officer, as defined  
24 in RCW 41.26.030, without suspension of his or her benefit.

25 (3) If the retiree opts to reestablish membership under RCW  
26 41.40.023(12), he or she terminates his or her retirement status and  
27 becomes a member. Retirement benefits shall not accrue during the  
28 period of membership and the individual shall make contributions and  
29 receive membership credit. Such a member shall have the right to again  
30 retire if eligible in accordance with RCW 41.40.180. However, if the  
31 right to retire is exercised to become effective before the member has  
32 rendered two uninterrupted years of service, the retirement formula and  
33 survivor options the member had at the time of the member's previous  
34 retirement shall be reinstated.

35 (4) The department shall collect and provide the state actuary with  
36 information relevant to the use of this section for the joint committee  
37 on pension policy.

1 (5) The legislature reserves the right to amend or repeal this  
2 section in the future and no member or beneficiary has a contractual  
3 right to be employed for more than five months in a calendar year  
4 without a reduction of his or her pension.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.04 RCW  
6 to read as follows:

7 (1) Employers shall establish specific human resource policies  
8 regarding the hiring of retirees under RCW 41.40.037(2)(b) and publish  
9 those policies in their human resource manual and attach a document  
10 containing those policies to each job announcement. Among those  
11 policies shall be the requirement that final approval for hiring a  
12 retiree under RCW 41.40.037(2)(b)(i) must come from the highest public  
13 officer of the employer.

14 (2) Employers shall keep recruitment and interviewing records of  
15 each human resource transaction in which a retiree was hired under RCW  
16 41.40.037(2)(b). These records may be subject to audit under chapter  
17 43.09 RCW.

18 **Sec. 3.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read  
19 as follows:

20 The auditor shall:

21 (1) Except as otherwise specifically provided by law, audit the  
22 accounts of all collectors of the revenue and other holders of public  
23 money required by law to pay the same into the treasury;

24 (2) In his or her discretion, inspect the books of any person  
25 charged with the receipt, safekeeping, and disbursement of public  
26 moneys;

27 (3) Investigate improper governmental activity under chapter 42.40  
28 RCW;

29 (4) Audit human resource practices under RCW 41.40.037(2)(b);

30 (5) Inform the attorney general in writing of the necessity for the  
31 attorney general to direct prosecutions in the name of the state for  
32 all official delinquencies in relation to the assessment, collection,  
33 and payment of the revenue, against all persons who, by any means,  
34 become possessed of public money or property, and fail to pay over or  
35 deliver the same, and against all debtors of the state;

1       (~~(5)~~) (6) Give information in writing to the legislature,  
2 whenever required, upon any subject relating to the financial affairs  
3 of the state, or touching any duties of his or her office;

4       (~~(6)~~) (7) Report to the director of financial management in  
5 writing the names of all persons who have received any moneys belonging  
6 to the state, and have not accounted therefor;

7       (~~(7)~~) (8) Authenticate with his or her official seal papers  
8 issued from his or her office;

9       (~~(8)~~) (9) Make his or her official report annually on or before  
10 the 31st of December.

11       NEW SECTION.   **Sec. 4.** A new section is added to chapter 43.09 RCW  
12 to read as follows:

13       (1) The state auditor has the power to examine the human resource  
14 practices related to RCW 41.40.037(2)(b) of every local government and  
15 its officers and employees.

16       (2) This section expires December 31, 2007.

17       NEW SECTION.   **Sec. 5.** A new section is added to chapter 43.09 RCW  
18 to read as follows:

19       (1) The examination of the human resource practices of all local  
20 governments shall be made at the reasonable and periodic intervals as  
21 the state auditor determines. "Local governments" for purposes of this  
22 act include but are not limited to all counties, cities, and other  
23 political subdivisions, municipal corporations, and quasi-municipal  
24 corporations, however denominated.

25       The state auditor shall establish a schedule to govern the auditing  
26 of local governments that includes: A designation of the various  
27 classifications of local governments; a designation of the frequency  
28 for auditing each type of local government; and a description of events  
29 that cause a more frequent audit to be conducted.

30       On every examination, inquiry shall be made as to: The human  
31 resource practices of the local government; whether the Constitution  
32 and laws of the state, the ordinances and orders of the local  
33 government, and the requirements of the state auditor have been  
34 properly complied with; and the methods and accuracy of the accounts  
35 and reports.

1 A report of each examination must be made and filed in the office  
2 of the state auditor, and one copy must be transmitted to the local  
3 government. A copy of any report containing findings of noncompliance  
4 with state law must be transmitted to the attorney general. If any  
5 report discloses malfeasance, misfeasance, or nonfeasance in office on  
6 the part of any public officer or employee, within thirty days from the  
7 receipt of a copy of the report, the attorney general shall institute,  
8 in the proper county, legal action that is proper and necessary to give  
9 effect to the findings of the examination.

10 It is unlawful for any local government, or the responsible  
11 officer, to make a settlement or compromise of any claim arising out of  
12 malfeasance, misfeasance, or nonfeasance, or any action commenced  
13 therefor, or for any court to enter upon any compromise or settlement  
14 of the action, without the written approval and consent of the attorney  
15 general and the state auditor.

16 (2) This section expires December 31, 2007.

17 NEW SECTION. **Sec. 6.** Section 3 of this act expires December 31,  
18 2007.

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